

OPEN VERSION

EXECUTIVE SUMMARY OF THE

Certain Tungsten Electrodes originating in the People's Republic of China.

Application under Article 11(2) of the Basic Regulation for the initiation of an expiry review.

1. Legal Basis

This review request is lodged under Article 11(2) of European Parliament and Council Regulation (EU) No 2016/1036 of 8 June 2016 on protection against dumped imports from countries not members of the European Union (the 'Basic Regulation') concerning the existing anti-dumping measures on imports of certain tungsten electrodes, from the People's Republic of China ("China").

2. Applicants

The present Application is lodged by International Trade Defence Services BVBA (hereafter referred to as ITDS) on behalf the tungsten electrodes producers in the European Union. ITDS represents the two European Union (EU) producers of Tungsten Electrodes established or having production facilities in Austria and Germany.

3. Product concerned and use

The product concerned by the present review is the same as the product under consideration in Regulation (EC) No 260/2007, namely tungsten welding electrodes, including tungsten bars and rods for welding electrodes, containing 94 % or more by weight of tungsten, other than those obtained simply by sintering, whether or not cut to length, originating in the PRC ('TE' or 'the product under review'), currently falling within CN codes ex 8101 99 10, ex 8515 90 80 and ex 8515 90 20.

The product concerned is used in welding and similar processes, including tungsten inert gas (TIG) shielded arc welding, plasma arc welding and cutting. These processes are operated in a wide variety of industrial sectors such as construction, shipbuilding, automobile manufacturing, marine, chemical and nuclear engineering, and aerospace as well as oil and gas pipelines. Based on the physical characteristics and the substitutability of the different types of the product from the perspective of the user, all tungsten welding electrodes are considered to constitute a single product for the purpose of this proceeding.

The product is commonly referred to by the trade as tungsten welding electrode, and TIG welding is the most widespread segment of use.

A tungsten welding electrode is chemically composed of pure tungsten or tungsten mixed with a metal oxide or a mixture of metal oxides such as – but not exclusively – lanthanum, cerium, zirconium, other rare earths oxides and thorium. The metal oxide content may vary from less than one to a few percent of the product mass depending on the tungsten alloy specification.

The main steps of tungsten welding electrode production are powder alloying, pressing and sintering, deformation, grinding, cutting and color coding.

The tungsten welding electrodes sold on the market may be of different types depending on the tungsten material specification, the diameter and the length. All types share the same basic characteristics described above.

The types most sold belong to the WL15 series (or tungsten mixed with 1.3 to 1.7% lanthanum oxide), in length of 150 mm and 175 mm, and diameter of 2.4 mm) followed by the WC20 series (or tungsten mixed with 1.8 to 2.2. % cerium oxide). Even though thorium-free alternatives are increasing their market share due to environmental and health issues, WT20 electrodes of dia. 2.4 mm and length 175 mm or 150 mm remain the most representative types and will therefore be the reference “product” for the purpose of this request without prejudice, however, to the fact that the other types are like products, including e.g. tungsten welding electrodes with a special surface treatment or orbital tungsten electrodes whose sides may be ground with various angles.

In addition, it should be noted that the pre-material for tungsten welding electrodes, i.e. bars and rods in production length of 3.2/2.4/1.6 mm diameter and whose surface has been ground, are also considered as a like product considering that it already has the basic characteristics of the product and the only operation required for making it a ready-to-use product is to cut it in use-length and put the colour code at one end of each stick.

Tungsten welding electrodes imported into the EU from China consist of a similar range of product types and are in direct competition with those produced in the EU: they are a “like product”, with the same technical characteristics and wide acceptance by consumers.

As regards their marketing, tungsten welding electrodes are generally supplied on the market in plastic boxes of 10 or 100 pieces, under the label of the producer or the distributor (customized label). Exporters may deliver electrodes at use-length, but without color code, in bundle. In this case, the distributor is responsible for color coding and packing.

The first customer is generally either a distributor of welding equipment and accessories or a producer of welding machines. Both of them often operate on the market through dealers (one or two-stage) in order to reach the actual end-user.

3.1. Customs heading and duties

The product concerned is the same as that covered by Regulation (EC) No 508/2013¹, namely tungsten welding electrodes, including tungsten bars and rods for welding electrodes, containing 94 % or more by weight of tungsten, other than those obtained simply by sintering, whether or not cut to length, originating in the PRC ('TE' or 'the product under review'), currently falling within CN codes ex 8101 99 10, ex 8515 90 80 and ex 8515 90 20 (the predecessor CN codes of the two latter codes was the CN was 8515 90 90 in the first regulation² in 2005, then in the second regulation³ in 2012 was the CN 8515 90 00 and in the current complaint the CN 8515 90 00 was split up in two sub headings: 8515 90 80 and 8515 90 20).

The most-favored-nation duty on extra-EU imports of tungsten welding electrodes is 6% under Customs Code 8101 99 10 and 2.7% under Customs Code 8515 90 80 and 8515 90 20. China does not benefit from the GSP under either of these Codes.

Imports from China under the above mentioned Codes have been subject to provisional anti-dumping duties since 15 September 2006 (Commission Regulation EC 1350/2006) and definitive anti-dumping duties since 14 March 2007 (Council Regulation EC 260/2007) and 29 May 2013 (Council Regulations (EU) No 508/2013) respectively.

However, the imported quantities of the product concerned represent only a small part of the total imports that fall under the three CN codes.

3.2. Summary of the complaint.

The complaint demonstrates *prima facie* the existence of injurious dumping by the country concerned. The analysis showed that Chinese imports were made at dumped price levels during the review investigation period and that there was a likelihood of continuation of dumping should the measures be allowed to lapse.

Since the Union industry continued to suffer material injury, due to the Chinese imports, it was assessed whether there would be a likelihood of continuation of injury should measures against China be allowed to lapse in accordance with Article 11(2) of the basic Regulation.

To establish the likelihood of continuation of injury the following elements were analysed: the production and spare capacities in China, the attractiveness of the Union market, the expected price level of Chinese imports into the Union market and the foreseen impact on the Union industry.

Distortions: Significant distortions exist on the Chinese tungsten market, which affect the Tungsten electrodes production factors. This is confirmed by the Commission's Report on significant distortion in the Economy of the People's Republic of China of 20 December 2017

Tungsten electrodes and the EU's critical raw material policy: Commission Implementing Regulation (EU) 2017/942 of 1 June 2017 already concluded that tungsten has been classified as a **critical raw material** and that it is, therefore, in the interest of the Union to keep production of tungsten in the Union, to promote recycling in order to reduce the consumption of primary raw materials and to decrease the relative import dependence. (COM(2011) 25 final of 2 February 2011 and COM(2014) 297 final of 26 May 2014). Tungsten is by far the most important raw material to produce tungsten electrodes. Consequently there is a very close relationship between tungsten ore, tungsten concentrate and tungsten electrodes.

¹ COUNCIL IMPLEMENTING REGULATION (EU) No 508/2013 of 29 May 2013 imposing a definitive anti-dumping duty on imports of certain tungsten electrodes originating in the People's Republic of China following an expiry review pursuant to Article 11(2) of Regulation (EC) No 1225/2009

² Notice of initiation of an anti-dumping proceeding concerning imports of certain tungsten electrodes originating in the People's Republic of China (2005/C 322/07)

³ Notice of initiation of an expiry review of the anti-dumping measures applicable to imports of certain tungsten electrodes originating in the People's Republic of China (2012/C 71/08)

3.3. Interested Parties

The Applicants: Plansee SE, Gesellschaft fuer Wolfram Industrie mbH.

The Exporting Producers: ATTL Advanced Materials Co., Ltd. (formerly AT&M and Beijing Tianlong), Advanced Technology & Materials (AT&M) International Trading Co. Ltd, Baoji Nonferrous Metals Works, Baoji Tianrui Nonferrous Metal Materials Co., Ltd.
Beijing Advanced Metal Materials Co. Ltd. (BAM)
Beijing MMT Metals & Minerals Import & Export Co. Ltd.
Beijing Sunstone Tungsten Molybdenum CO.,LTD
Beijing Tian-Long tungsten & molybdenum Co., Ltd. (TLWM)
Beijing Topone Tungsten & Molybdenum Technology Co., Ltd.
BGRIMM (Beijing General Research Institute of mining and metallurgy)
BMM Welding Material Company
Chengdu Hongbo Industrial Co., Ltd.
ChinaTungsten Online (Xiamen) Manu. & Sales Corp.
Dezhou Huarui Tungsten and Molybdenum Technology Co., Ltd
Ganzhou Hongfei Tungsten & Molybdenum Materials Co., Ltd.
Hubei Fotma Machinery Co. Ltd.
JiangSu BTMMF Advanced Materials Science & Technology CO.,LTD
Jinduicheng Molybdenum Mining Guangming (Shandong) Co. Ltd.
Ningbo East Machinery & Equipment Import & Export Corp.
Shaanxi Taibai Tungsten Products Factory
Shaanxi Yuheng Tungsten & Molybdenum Industrial Co., Ltd (YHTMC)
Shandong Huaye Tungsten & Molybdenum incorporated company
Shandong JiuFeng Tungsten&Molybdenum co.,Ltd
Shandong Maike Non-ferrous Metal Technology Co., LTD
Shandong Weldstone Tungsten Industry Co., Ltd.
Weihai Multicrystal Tungsten & Molybdenum Technologies Co.,Ltd
Winner Tungsten Product Co.,Ltd
Xiamen Honglu Tungsten-Molybdenum Industry Co., Ltd.